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ABSTRACT

This report is the product of a project called Investing in People, in which the National Conference of Legislatures and Jobs for the Future helped five states as they tried to develop and implement work force preparation and training strategies to meet the challenge of a competitive global economy. The report is organized in six sections. The introductory section explores the concepts of workplace modernization and work force development and suggests strategies for a new system of work force development. The second section summarizes the recommendations of several national organizations, including the Commission on the Skills of the American Workforce, the National Alliance of Business, and America's Choice Legislative Coalition. In the third section, the following principles for work force system design are listed: lifelong learning, school-to-work transition, skills standards, assessment and certification, developing high-performance workplaces, incentives, national and state employment and training boards, local employment and training boards, coordinated funding, one-stop shopping, case management, labor market information, market competition, and standards and outcome measures. The fourth section contains case studies of human resource delivery systems in New Jersey, Oregon, and New York, with information on the enabling legislation, structure and governance mechanisms, scope of delivery systems, and accountability measures. The following key policy considerations are examined in the fifth section: the structure and process of design and implementation, the political environment, private sector involvement, scope of integration, regulatory environment, financing issues, flexibility, portability, accountability, and capacity building. A short concluding section and a recommended reading list citing 14 items complete the report. (KC)

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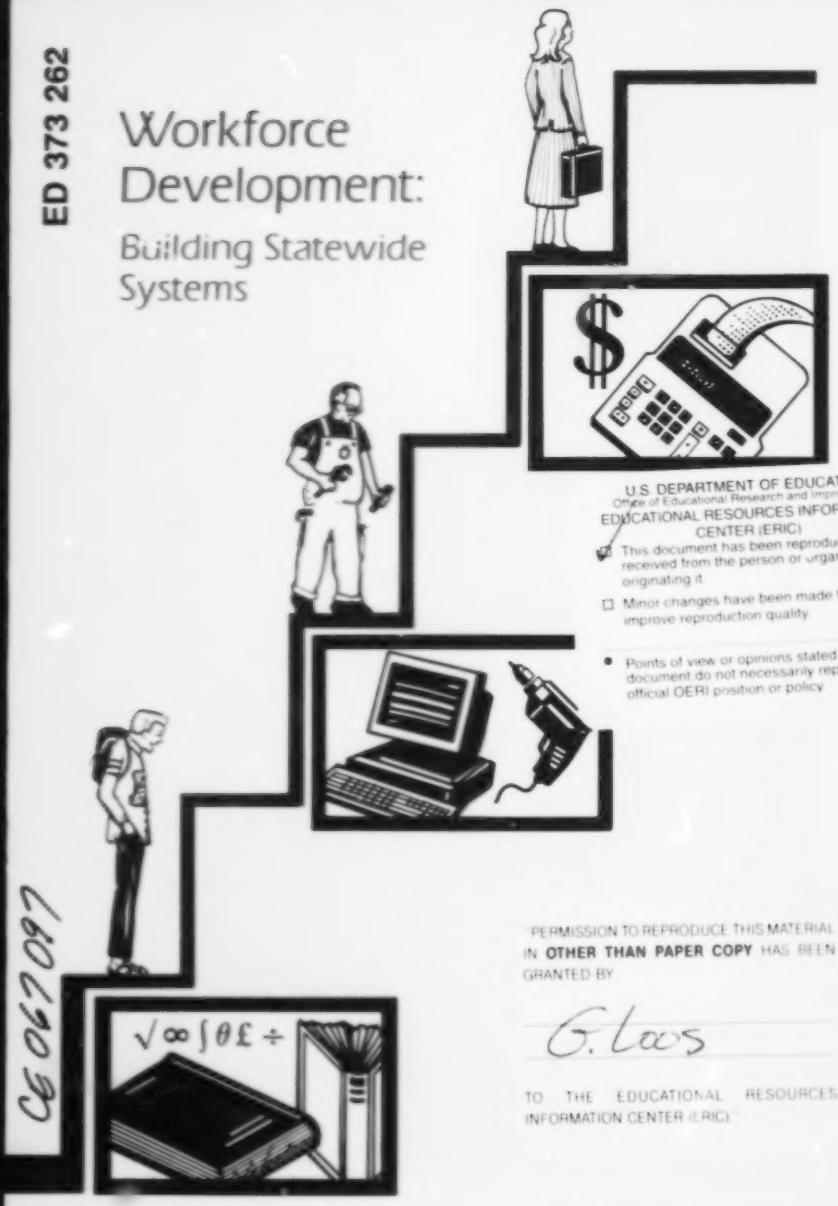
Building Statewide Systems



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Workforce Development: Building Statewide Systems

Issue Paper No. 2
Investing in People Project

A joint project of
National Conference of State Legislatures
and
Jobs for the Future

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Preface and Acknowledgments

This report is a part of the Investing in People (IIP) Project funded by the DeWitt Wallace-Reader's Digest Fund. The fund's overall goal is to help American youth fulfill their educational and career aspirations. The fund's support and commitment to the IIP project is greatly appreciated.

During this project, the National Conference of Legislatures (NCSL) and Jobs for the Future (JFF) helped five states—Connecticut, Iowa, Kentucky, Washington, and West Virginia—as they tried to develop and implement workforce preparation and training strategies to meet the challenge of a competitive global economy. Each state selected teams made up of legislators, legislative staff, business leaders, educators, labor representatives, and other political and civic leaders to help formulate and implement long-range strategies that coordinate and improve education, workforce training, and economic development systems. The project included two policy institutes, extensive technical assistance, and several issue papers. This paper is the second in the series.

Special appreciation is due for the time and efforts of Marlene Seltzer, president of Seltzer Associates, Inc. in Boston, Mass.; Ellen O'Brien-Saunders, executive director of the Workforce Training and Education Coordinating Board in Olympia, Wash.; and Senator Bill Lear of Kentucky, who acted as outside readers.

Executive Summary

In todays's increasingly complicated global economy, the need for a highly skilled, productive, and educated workforce takes on ever-greater importance. The key to developing such workers rests on a state's ability to organize its myriad employment, training, and education programs into a system of workforce initiatives that ensure an efficient use of funds; to provide businesses with sustainable competitive advantages; and to offer workers the chance for lifelong learning opportunities.

Recent amendments to the federal Job Training Partnership Act have encouraged states to create mechanisms that treat workforce issues comprehensively. Such national organizations as the National Alliance of Business and the Commission on the Skills of the American Workforce have conducted studies and produced reports that emphasize the importance of re-examining state systems. Their recommendations set the stage for states to systematically rethink and restructure their workforce development approach.

Likewise, firms need to re-examine their own internal environments. They need to create work environments that are dependent upon skilled workers to function at optimum efficiency. Those environments must then be nurtured to facilitate lifelong learning opportunities for all workers.

Many states, including Oregon, Texas, Massachusetts, New Jersey, and Kentucky, have enacted legislation that specifically aims to shape new comprehensive workforce systems. At least 20 states, at this writing, have created human resource investment councils that oversee all or part of their workforce programs. These states recognize that no system will meet the needs of today's economy unless it strives to put service to the customer (employees and firms) first. The emphasis of most state reform efforts is to provide better services to both employers and employees. States are also incorporating performance measures, or benchmarks, into the design of their new systems. The intent is to measure the improvement in the quality of services delivered and to hold the overseers of the system accountable for these quality measures.

The new workforce systems must be more flexible than the current array of programs. Emphasis must be placed on responsiveness, creativity, and efficiency. These are difficult orders, given the rigid rules and regulations governing many of the existing federal programs. Nevertheless, those states that have committed to the

goal of creating a high-quality workforce are prepared to take on seeking routes to success and are not daunted by the process of change.

The area of workforce development in the global economy is dynamic. New laws, such as the federal School-to-Work Opportunities Act and the proposed federal Worker Readjustment Act, provide incentives for states to begin rethinking their approaches to workforce issues. The number of states with Human Resource Investment Councils overseeing all or part of their workforce programs is increasing, with at least 17 states having established active councils.

The process of change has begun. The success of U.S. business and the workforce depend on these initiatives. The global economy demands that the United States rethink its education, workforce, and economic development strategies. Linking them together in comprehensive workforce development initiatives ensures that the country can build a system of life long learning that prepares all citizens for the challenges of a changing world.

Introduction

"The real economic challenge facing the United States in the years ahead—the same as that facing every other nation—is to increase the potential value of what its citizens can add to the global economy, by enhancing their skills and capacities and by improving their means of linking those skills and capacities to the world market."

Robert Reich
The Work of Nations, 1991

For more than a decade, federal, state, and local policymakers and business leaders concerned with the nation's economy and its relationship with workforce development and workplace modernization have been deluged with analyses that theorize about the causes of the United States' decline in global economic competitiveness. Virtually every perspective has been brought to bear on this discussion: the views of conservatives, liberals, private industry, government, economists, educators, and academic researchers. During this national self-examination and debate, policymakers have achieved general consensus on the definition of the problem, its basic elements, and the probable results if the country continues to train, educate, and employ its workforce in the same way it has for the last 90 years and if American firms remain organized the same way.

Changing labor markets and the increasingly constrained ability of public programs to satisfy the needs of both individuals and employers have contributed to declining standards of living, especially for the bottom two-thirds of wage earners. Increasing education and skill levels alone, however, will not be enough. Vigorous state economies will depend not only on highly skilled and productive labor, but also on expanding the number of jobs that require considerable skill. High standards of living are more dependent than ever on creating high-quality jobs and ensuring that there are skilled workers to fill them.

State policies, therefore, increasingly must focus not only on supply and demand. They must connect education and work-related skills development on the one hand with economic development and workplace modernization on the other.

In short, unless states—as well as the federal government—address the ability of the nation's workforce development system to provide lifelong learning support to all workers, while simultaneously modernizing workplaces to take

advantage of workers' skills, the United States is facing a potentially serious breakdown of the structure. The toll will be exacted in declining business investment, declining economic strength, and rising social costs.

Workplace Modernization

Experts in economic and workforce development policy are increasingly recognizing that they need a deeper understanding of demand-side issues, that is, how to stimulate the demand for new forms of work organization, higher levels of skills, and new strategies for learning and skill development in the private sector. Numerous commissions and researchers have reported that state economies are becoming increasingly fragile, as labor market uncertainty increases through pressures from international trade, technological change, and new consumer demands. Traditional forms of work, outmoded technology, and a reliance on a low-skilled workforce undermine the ability of businesses to compete successfully in an increasingly technology-based, global economy.

"Diversified quality production" is the key to high productivity, increased growth, and higher wages. Firms must differentiate their products from those of their competitors, respond quickly to changes in consumer tastes, turn new products out quickly, and, at the same time, improve quality. Under these fiercely competitive conditions, the capacity of the labor force to learn and adapt takes on a much greater significance than in the past.

In their book *Thinking for a Living*, Ray Marshall and Marc Tucker describe the critical nature of the learning system: "The future now belongs to societies that organize themselves for learning. What we know and can do holds the key to economic progress. . . .Everything depends on what firms can learn from and teach to their customers and suppliers, on what countries can learn from one another, on what workers can learn from each other and the work that they do."

Unless firms reorganize the workplace in ways that create a learning environment and increase their demand for skilled workers, national initiatives to address the "supply side" through investment in training and education programs will not be successful. Without a system that encourages creation and maintenance of a continuous learning cycle, American firms will not be able to build and sustain competitive advantages.

Focusing on the demand side, however, poses new challenges for states. Where in the past state job creation strategies have focused on quantity rather than quality, policy must to shift in the direction of high-paying, high-skilled jobs. States need to consider work organization, pay, and productivity in targeting economic development money. In short, it is incumbent upon states to foster the journey by traditional companies toward the high-performance work organization—an organization committed to the principles of lifelong learning.

Workforce Development

Leading-edge technology and reorganization of work play important roles in high-performance organizations but do not, in and of themselves, make for high performance. Rather, they serve to extend the capabilities of workers so that the value they add to work processes and products is continually increasing. In high-performance work organizations, workers, often in teams, are asked to use judgment, make decisions, solve problems, and implement solutions rather than follow cumbersome procedures mandated in detail by employee work rules, line supervisors, middle managers, and executives. Firms that are moving toward this type of work organization will require more substantial skill levels from their workers. In *The Work of Nations*, Robert Reich says, "The American economy is a collection of people living and working within the borders of the United States. Its success is not a function of the profitability of American-owned enterprise, but of the value that these people add to the world economy—which depends, in turn, on their training, education, health." Quality training and education programs are the foundation of an effective workforce development system.

Because of the volatility of the global labor market and structural changes occurring in American businesses that require firms to continually re-engineer products, work processes, and services, most workers will hold at least seven jobs in their lifetime. As more firms move toward work organizations that rely on flexible, adaptable employees, the nation's education, training, and employment institutions will be forced to rethink the issue of supply. They must be able to provide education, training, and retraining programs that integrate high-performance workplace skill requirements with academic curricula and prepare workers to meet nationally accepted academic and industry-recognized skill standards. States are recognizing the importance of creating easily accessible, responsive, flexible systems predicated on the understanding that access to learning opportunities is essential to meet the needs of both workers and the workplace.

States, too, are recognizing that the plethora of programs and initiatives dealing with workforce issues, as currently structured, are inadequate. Merely attempting to string these various programs together will not create a system that addresses the needs of both employers and workers. As Marshall and Tucker say in *Thinking for a Living*, what is needed is a "system of policies and a management system to implement those policies that provide national coherence while at the same time devolving as many decisions as possible as close to the client as possible, and distributing decision-making authority among entities ranging from the top levels of the federal government to the local community in such a way the whole will function effectively and efficiently."

When a Structure Is Not a System

Employers, workers, and prospective employees have difficulty negotiating the

labor market system as it currently operates. The efforts of federal, state, and local governments to address labor market problems have resulted in huge numbers of overlapping programs with confusing and sometimes even contradictory missions. For example, there are 125 federal employment and training programs regulated by six different federal agencies but administered primarily by states. In addition, states have initiated programs designed to serve specific populations or address specific labor market conditions. Programs cover a wide range of populations, operate out of different state agencies, and have conflicting eligibility criteria and incompatible performance measures. Employers, workers, and legislators don't know how to access this maze; and, because there is little accountability, taxpayers lack confidence that public funds are being spent effectively. If a quality workforce is a critical key to economic prosperity, then integrating a vast array of education, employment, and training programs is the key to effective workforce development strategies.

Strategies for the New System

Having defined the problem and reached agreement on the goal, those debating workforce development have shifted their focus to examining alternative design considerations and service delivery mechanisms. This paper presents an overview of the evolution of these discussions, focusing on the recommendations of national organizations and coalitions, in particular the Commission on the Skills of the American Workforce, the National Alliance of Business, and the America's Choice Legislative Coalition. It summarizes key recommendations of these groups and describes the efforts of three states to put these recommendations into practice. It concludes with a set of design considerations and critical decision points for states to use for strategic planning and consensus-building as they craft new workforce development systems.

Summary of National Organizations' Recommendations

In the last decade, a number of well-publicized studies have recommended that employers, educators, and policymakers rethink the ways in which the workplace is organized; federal, state, and local workforce development policy is developed; and Americans are educated and trained. The following is a brief review of the three most important reports.

Commission on the Skills of the American Workforce, *America's Choice: high skills or low wages!* June 1990.
The Commission on the Skills of the American Workforce, established by the National Center on Education and the Economy (NCEE) in 1989, was a bipartisan panel composed of representatives from business, labor, education, government, and the advocacy community (e.g., services and programs that advocate for clients).

The report examines the economy, concluding that the workforce growth of the United States is decelerating at the same time that the demands of the world market are changing. The report asserts that in order to maintain its current standard of living for the remainder of the 1990s and beyond, the United States must improve the productivity of its workforce and its competitive position in the world market. American businesses must become highly productive "work organizations" if they intend to compete in a global economy. This means businesses must adopt manufacturing techniques that allow for variety, quality, and rapid responsiveness to changing consumer tastes.

In a high-performance work organization, front-line employees are more highly skilled and assume more responsibility in decision making. The report calls on the education system to improve students' preparation for the workplace and encourages businesses to make a commitment to continued workplace education and training. Any effort to build a high-quality, globally competitive workforce should recognize that industry and the education and training systems must forge a strong partnership, and both must undergo major restructuring. The commission made five key recommendations that set the stage for this restructuring:

1. Skills standards and certification of initial mastery. New educational performance standards, to be reached by age 16, should be set for all students. The standards should be established nationally, using the highest standards in the world as benchmarks. Students passing a series of performance-based assessments that incorporate the standard would be awarded a certificate of initial mastery (CIM).

Possession of the CIM would qualify the student to work, pursue technical or professional certification, or enter a college degree program.

2. Alternative pathways for success. States should assume responsibility for assuring that essentially all students meet the performance standards. Alternative learning programs, developed through new local employment and training boards in conjunction with federal assistance, should be created for those who cannot attain certification in a traditional setting.

3. Certification of advanced mastery. For students and adult workers who do not pursue a bachelor's degree, a comprehensive system of technical and professional certificates and associate degrees should be created.

4. High-performance work organizations. All employers should be provided with incentives and assistance to invest in further education and training of their workers and to pursue highly productive forms of work organization.

5. Regional, state, and national policy and planning boards. A system of employment and training boards should be established by the federal and state governments, in conjunction with local leadership, to organize and oversee all workforce readiness programs.

National Alliance of Business, *Building a Workforce Investment System for America*. May 1992

The National Alliance of Business (NAB) serves as businesses' link to the public sector in responding to workforce development issues. The NAB report was written in response to the challenge posed by ***America's Choice: high skills or low wages!***.

The NAB report contends that development of a world-class workforce will not be possible unless numerous federal, state, and local employment, training, and education programs are streamlined to create a seamless, efficient, and outcome-based system in each state and local labor market. NAB suggests that, although the resources to build a high-performance workforce currently exist in the United States, they have not been managed efficiently and mechanisms have not been developed to focus these services on critical workforce development needs. NAB believes the following basic principles should guide the development of all workforce investment systems:

1. Accessibility. The new workforce investment system should ensure that available services are easily accessible to both workers and employers.

2. Comprehensive services. The system should offer a full range of training and

education resources to all members of the community.

3. Public/private partnerships. The system should be based on a public/private partnership. Local employers must have a significant role in planning and managing training and education.

4. Flexibility and labor market responsiveness. The system must respond to the changing requirements of the local economy.

5. Integration and collaboration. The system should be the result of collaborative effort at the federal, state, and local levels.

Finally, NAB proposes its own model for the future, which incorporates these key principles, ingredients from proposed legislation, and some innovative initiatives from this country and abroad. The major feature of the NAB model is the establishment of a network of community-based, business-led "workforce investment councils" to oversee the integration of existing federal, state, and local training and work-related education programs. With federal and state policy leadership and support, the councils would provide the means to link business, education and training, and economic development efforts to a common goal. Through the councils, local businesses would be encouraged to create local solutions to problems confronting their workforce.

America's Choice Legislative Coalition, *Proposal for Workforce Development Legislation*. January 1993.

In 1992, the National Center on Education and the Economy (NCEE) hosted a series of informal meetings attended by representatives of organizations with a long-term interest in education and training. The intent of the meetings was to examine national policy on workforce development and develop recommendations to present to the next administration and Congress. The recommendations were based on broad agreement among the individuals in the group, but have not been formally adopted by any of the organizations represented. The following are the principal components of NCEE's proposed *Quality Workforce Development Legislation*:

1. Professional and technical skill standards. The federal government should facilitate the establishment of voluntary, nationally recognized professional and technical standards to serve as the foundation for a comprehensive workforce development system. Credentials should be transferable from one employer or educational institution to another.

2. Career certification. The federal government should encourage the development of career certification programs to prepare individuals who have met national education standards to gain occupational skills, leading to nationally recognized

professional/technical degrees and certification. Employers, schools, students, parents, unions, and community-based organizations should be involved in program design and implementation.

3. High-performance work organizations. The federal government should provide support to firms in the process of becoming high-performance work organizations. Employers must shift from a mass production model to a high-performance work organization model. This new model requires substantial and continuous training of the workforce.

4. Finance of workplace training. The coalition proposes that 1 percent to 1.5 percent of a company's payroll should be devoted to staff training, in particular, to training production-line workers. A commission should be established to encourage the achievement of a level of workforce training equal to that of the nation's leading competitors.

5. Creation of a workforce development system. The coalition proposes creating a comprehensive workforce development system governed by public/private labor market boards operating at the national, state, and local levels.

Principles for Workforce System Design

The nation's current workforce development structure is not a system but a patchwork of programs and services, the result of federal and state governments' addressing labor market problems individually and reactively, rather than systematically. The result of this hodgepodge is that states struggle with a quagmire of programs, policies, funding streams and cycles, and reporting requirements.

As described in the previous section, America's economic and employment policy analysts, educational experts, and labor and business leaders agree on core principles for an integrated workforce development system. This section outlines those principles for states to consider as they begin to build their systems. The principles have been taken from the recommendations presented in a wide range of policy papers, studies, and books, including the three papers reviewed in the first section (see the Recommended Reading section for a complete listing).

Lifelong Learning

To ensure that the workforce is prepared to meet the challenges of high-performance workplaces, states should develop a system of education and training programs and strategies based on the continuum of transitions that individuals face: school-to-school, school-to-work, and work-to-work. These programs would integrate workplace skill requirements with training and academic curricula and could lead to technical or professional certification or both, and possibly additional higher education.

School-to-Work Transition

To provide young people with the essential skills and competencies necessary to compete successfully in the global labor market and begin lifelong learning, states should develop a system of programs and services that offer students the opportunity to achieve and demonstrate their mastery of a set of nationally recognized standards. Schools should be encouraged to develop partnerships with local employers, labor unions, and community groups to create multiple, structured career pathways to future work and learning for all students. Programs would be designed to integrate academic and work-based instruction, followed by instruction in a core set of competencies to qualify for the "certificate of initial mastery." Postsecondary instruction and eventual professional or technical certification that would qualify an individual for a position in a high-performance work organization would follow. Local labor market boards could further the collaboration

between public and private sectors by overseeing school-to-work transition programs. Local labor market boards mirror the activities of a state-level human resource investment council and are closely tied to the region's economic development strategy and key industries and firms.

Establishment of Skills Standards

To ensure that education and training service providers are teaching students skills that are, in fact, lifelong and portable, states could work with the federal government, employers, and key constituent groups to develop nationally recognized, industry-specific skills standards at both the initial mastery and the technical and professional levels.

Assessment and Certification of Achievement of Skills Standards

States could work with the federal government, employers, and key constituent groups to develop nationally recognized assessment tools and methodologies and a national certification program. This would allow states, local labor market boards, and consumers to evaluate the success of education and training programs and allow employers to assess applicants' ability to succeed in their workplace.

Developing High-Performance Workplaces

To support employers in their efforts to create high-performance organizations, states should work with the federal government to establish technical assistance resources for employers and to encourage firms to think and act in terms of "learning systems." Training money could be targeted to increase collaborative, front-line training.

Incentives

To help employers restructure their workplaces, take advantage of higher skill levels, and create learning environments, states could provide employers with incentives to invest at least 1 percent of payroll in educating and training their workforce. Employers would then feel compelled to take advantage of the skill base they are paying to create. Training programs could be held within the company or at outside institutions. A portion of the money would also be set aside to help employers redesign work processes. Taking this additional step would ensure that skill development and work reorganization are integrated.

National and State Employment and Training Boards

To organize and oversee the nation's new workforce development system, a system of labor market boards or human resource investment councils should be established with authority to set policy and develop funding priorities for all workforce development services and programs. These boards or councils would be made up of representatives from industry, government, labor, community-based organizations, the public, and other appropriate representatives. Board responsi-

bilities may include streamlining program management and simplifying funding mechanisms, eliminating vertical management structures, evaluating system performance, developing long-term strategies for linking economic development priorities to the workforce development system, and developing capacity-building plans for the system. With increased emphasis on academic and work-related skills, the system should foster learning, labor market mobility, and long-term economic and employment security.

Local Employment and Training Boards.
To ensure that programs and services are responsive to local concerns and local labor market conditions, states could establish a system of local or regional public/private labor market boards or councils. The boards would be responsible for assessing local needs, crafting local workforce development policy and funding priorities, coordinating workforce development services, issuing bids for service and selecting service providers, evaluating the success of programs and services based on outcome measures and performance standards, and certifying the performance of local service providers. The boards' composition could mirror the state-level board with appropriate local representatives. One simple option for states to consider is creating a mobile team of intake/counseling/placement staff that can travel to a specific location (e.g., a closing plant) and provide services on site.

Coordinated Funding
States could seek federal waivers and regulatory relief to allow them to coordinate and simplify federal and state funding mechanisms. This would facilitate the integration of services, reduce the exclusivity of specific programs caused by eligibility requirements, and reduce the time spent developing funding proposals and accounting for multiple funding sources.

One-Stop Shopping
States could establish workforce development centers that provide a common point of entry for both workers and firms to the entire spectrum of workforce development programs. These centers would broker such services as labor market information, career counseling, employment programs, job placement, training, education, training vendor placement reports, financial aid, apprenticeships, skills assessment, business development services, recruitment, and screening. These centers would provide access to other social and support services at the same location. States also could expand access to labor market information through the use of electronic kiosks, smart cards, and computerized on-line databases.

Case Management
States should develop an integrated case management system that would allow staff from participating programs and agencies to review relevant information about service history and program objectives. This may involve development of

common intake forms and databases that are accessible across agencies.

Labor Market Information

In order for individuals to make informed choices about career options and service systems, or for employers to make cost-effective decisions about training investments, states could provide up-to-date information in workforce development centers and on-line access to the latest labor market trends. The information might include local, state, and national labor market conditions and trends; availability and success rates of training programs; technological developments; and skills standards and certification requirements for a broad range of occupations.

Market Competition

States should consider a wide range of options to allow firms and workers flexibility to freely choose services provided by public, non-profit, and for-profit service providers. The options should range from vouchers to training investment accounts that firms and workers can use to purchase the services they need, when they need them.

Standards and Outcome Measures

States should work with local labor market boards to establish outcome-based performance measures for training programs. This would ensure that the local labor market boards, workers, and firms can evaluate the success of the system and the performance of individual service providers and programs. These measures might include worker wage increases, number of users in proportion to the eligible population, increases in the number of jobs listed from local employers, success rate in filling job orders, customer satisfaction, certification rates of program participants, and placement retention rates. State-level benchmarks or performance measures should be clearly articulated. Providers in the system must then be held accountable to these standards or risk losing funds.

State Human Resource Delivery Systems: Case Studies

A growing number of states and localities have acknowledged the crisis that exists in the nation's workforce development structure and have begun to enact significant changes in their current service delivery structure. California, Massachusetts, Michigan, New Jersey, New York, Oregon, South Carolina, and Texas, among others, have developed or are developing plans for systemic change. The following examples of state initiatives are but a sampling of the variety of creative responses that are being developed to address the challenge. They are all "works-in-progress": some efforts are in the planning and design phase; others are fully implemented; most are being evaluated and refined to ensure that they meet their common goal of creating a high-quality workforce.

New Jersey: State Employment and Training Commission

Enabling legislation. In 1990, the State Employment and Training Commission (SETC), a partnership between the public and private sectors, was established by legislation (P.L. 1989 Chapter 193, signed January 12, 1990) to develop and implement a comprehensive employment and training policy for New Jersey. The SETC replaced the State Job Training Coordinating Council and was granted authority for policy development and the evaluation of all employment, training, and education agencies and programs in the state. SETC members include leaders in the state's major education and economic development agencies and representatives of labor, the business community, and community-based organizations.

Structure and governance mechanisms. In an effort to ensure the successful implementation of the plan, then-Governor James Florio restructured the cabinet-level state departments based on a model he termed the "producer-consumer" model. As a result, New Jersey's workforce readiness programs, formerly in six state departments, were transferred to three state departments: education, higher education, and labor, supervised by a subcabinet officer in each department.

The SETC serves as an independent body that reports to the governor. It has 34 members, all appointed by the governor. State agencies included are the departments of labor, human services, community affairs, commerce and economic development, education, and higher education. Representatives of these six agencies meet separately as the "Executive Branch Workgroup" and are responsible for the day-to-day implementation of the commission's recommendations. In addition, two state legislators sit on the commission. The commission has set

three basic goals:

1. Develop a workforce system that is responsive to the lifelong learning needs of individuals.

2. Make the workforce system relevant and valuable to the human resource needs of employers.

3. Develop integrated program processes that respond to the needs of individuals and employers.

Scope of delivery system. In its first year of operation, the SETC developed a unified state plan to link all elements of the state's workforce readiness system. The plan's goal is to ensure that the system allows informed choice and ease of access to residents seeking employment or skills upgrading. The plan concludes that the system must be consumer-based and market-driven; the goal of the system should be attainment of fundamental literacy and basic skills for all participants; there must be full utilization of all potential workers; and there must be accountability and evaluation within the system. By spring 1994, the SETC had:

1. Issued the *Unified State Plan for New Jersey's Workforce Readiness System;*

2. Designed the governance structure of the plan for the state and local level;

3. Consolidated 64 distinct programs operated by six departments of the government into 15 program areas overseen by three departments;

4. Incorporated the functions of the State Council on Vocational Education and the Literacy Council into the framework of the SETC;

5. Begun work on a system to measure the effectiveness of all workforce readiness and occupational education programs in the state; and

6. Provided grants to two local Workforce Investment Boards.

Accountability measures. The commission is developing a "Workforce Readiness Accountability System" to measure the effectiveness of its workforce readiness programs. In addition, the state Office of Telecommunications and Information Systems, in conjunction with six workforce readiness departments, conducted a feasibility study to create a computer-based system that will make information on clients and employment opportunities readily available to all workforce readiness agencies.

For information contact: Suzanne Guibert, New Jersey State Employment and Training, (609) 633-0605.

Oregon: Workforce Quality Council

Enabling legislation. In 1989, the legislature created the Oregon Progress Board (HB 2249) as the state's principal policy planning body. The board, composed of seven members and chaired by the governor, recommends state policy goals and benchmarks for measuring progress toward the goals. In 1990, after a series of public meetings, the legislature approved 160 benchmarks to guide progress on improving the state's human, environmental, and economic well-being for the next 20 years. The benchmarks are the performance criteria against which agencies and programs are measured.

In July 1991, then-Governor Barbara Roberts signed legislation (HB 3133) that created the Workforce Quality Council (WQC). The WQC is the entity that develops and oversees the stateÆs workforce development strategies. The WQC is charged with developing goals and a strategy to create "the best educated and prepared workforce in America by the year 2000, and a workforce equal to any in the world by the year 2010.ö The WQC is a "super council" that brings government, business, and labor leaders together to meet six goals identified by the legislature:

1. Ensure that education and training programs meet the highest, world-class achievement standards;

2. Promote high-performance work organizations in both government and business;

3. Develop capacity for business and labor to direct the development of education and training policies;

4. Coordinate service delivery for maximum efficiency and effectiveness;

5. Ensure equity of services to the economically disadvantaged and to rural areas; and

6. Achieve the Oregon Progress Board benchmarks.

Structure and governance mechanisms. The WQC consists of 21 members. Fourteen are appointed by the governor: five business representatives, five representatives of labor or community-based organizations, and one member each representing the state legislature, locally elected officials, local education, and

the general public. The other seven members are the governor and the heads of six state departments: economic development, public instruction, human resources, labor and industry, community college services, and higher education. WQC subcommittees assume the duties of the State Job Training Coordinating Council under the federal Job Training Partnership Act and the Oregon Occupational Information Coordinating Committee. WQC members not on subcommittees serve as members of the State Advisory Council for Career and Vocational Education and the State Apprenticeship and Training Council.

At the local level, 15 regional Workforce Quality Committees produce regional strategic plans, develop service delivery agreements, and advise the WQC on regional and local workforce development needs.

Scope of delivery system. In its first year of operation, the WQC had:

1. Conducted a statewide survey of employers to examine the relationship between employers, training and education, and the organization of work.

2. Obtained commitments from major labor and business associations to collaborate on efforts to make workforce issues a statewide priority.

3. Supported the application of the apprenticeship model to new industries.

4. Proposed the coordination and centralization of all workforce-related education, training, and employment programs—including integrated regional planning and shared information efforts.

5. Supported "Leadership for Change," a pilot training project designed to assist regional Workforce Quality Councils in promoting change in their communities.

Accountability measures. The WQC sponsored a study of the feasibility of sharing state and local program data electronically to evaluate program effectiveness. Work groups focused on evaluation methodology, performance measures, common definitions, training, and data administration and information system infrastructure. By fall 1993, five interim performance measures had been established. The study team expects that, by the year 2000, the new system will have long-range evaluation capabilities and provide on-line case management.

For information contact: Cam Preus-Braly, Administrator, Oregon Workforce Quality Council, (503) 378-3921.

New York: Human Resource Investment Subcabinet/GATEWAY Program

Enabling legislation. In January 1990, the State Job Training Partnership Council published *Creating a Vision: The Workforce Preparation System of the Future*. The report found that New York had numerous state and federal programs offering job training, education, and support, but that it lacked an integrated workforce preparation system. The report recommended the creation of a Human Resource Investment Subcabinet to plan and implement the GATEWAY Program (Gaining Access to the Emerging Workforce for Adults and Youth). No new funds were allocated for GATEWAY; program activities are supported by reallocated program money.

Structure and governance mechanisms. The Human Resource Investment Subcabinet is composed of representatives of the State Job Training Partnership Council; the state departments of education, labor, economic development, and social services; the State University of New York; the City University of New York; the divisions for youth and human rights; and the Higher Education Services Corporation.

The GATEWAY Program is a flexible, locally designed and driven system. Four sites were chosen for pilot projects. Local GATEWAY planning groups (interagency teams of local and state employment and training administrators, educators, businesses, and policymakers) met to develop creative approaches to service delivery and to recommend changes in state and federal policy and practice. Based on recommendations from these local groups, the Human Resource Investment Subcabinet will assist in all phases of development as new local networks are established. By fall 1993, the GATEWAY Program operated in 11 locations around the state.

Scope of delivery system. The goal of the GATEWAY Program is to streamline human resource programs into a collaborative network of services throughout the state that will provide residents with a wide array of employment, training, and support services and employers with a skilled workforce. For example, Suffolk County GATEWAY, one of the original four pilot sites, had by spring 1994:

1. Fifty-five affiliate agencies that share knowledge and resources plan jointly for service improvements and market services.

2. A computer network of job opportunities and training openings, called TNT, that electronically connects most planning group members.

3. Offered training to encourage partnership and interagency cooperation to member organizations.

4. Established five major subcommittees to focus on the development of a comprehensive directory of programs and services (computer database), staff development strategies, case management, policy and standards, and publicity.

5. Begun plans to publish and distribute a comprehensive directory of education and training programs available to staff in hard copy and on the TNT database.
6. Formed a speakers bureau for presenting the Suffolk GATEWAY Initiative to businesses and organizations.

Accountability measures. In a separate initiative, Governor Mario Cuomo signed the Workforce Preparation Evaluation Act (WPEA) into law in 1988 to improve program accountability and to encourage a systemwide decision-making process based on reliable data. The act requires workforce development agencies, among others, to perform annual evaluations, write annual plans, and describe methods used to evaluate their programs. The law also requires programs to submit reports of actual performance outcomes against their annual plan to the Job Training Partnership Council. The council is responsible for a summary of the evaluation information and must make recommendations to the governor, the legislature, and employment and training providers.

For information contact: Michael Vitagliano, Human Investment Subcabinet/Gateway, (518) 473-4683.

Key Policy Considerations

Given the current condition of most state workforce development structures, the task of restructuring is quite daunting, but as many as 18 states are seriously considering this ambitious undertaking. Many complexities are required to move from the current disjointed structures to a wholly integrated system of strategies and service delivery mechanisms. The questions outlined below suggest issues that states may want to consider in thinking about redesigning a workforce investment system.

Structure and Process of Design and Implementation

Who should be a part of the design process? What state and local organization(s) should take the lead in the design phase? What state and local organization(s) should lead implementation? How will the state ensure that all the appropriate interests are represented in all stages of design and implementation? How will the state ensure that the initiative stays on track? Does the state want to implement the system in phases? What are the critical elements of the system? What elements are most critical to get into place immediately?

Political Environment

What priority is workforce development? What are the "hot spots"? How do leaders make the integrated system a politically appealing issue? How will the state build support from critical constituencies? What steps can help facilitate the development of an integrated system? How will the state balance the need for integration with the accompanying risk (whether actual or perceived) that important interests will be ignored or diluted? How will the system handle the multiple, overlapping, and sometimes conflicting constituent demands? What steps and incentives are required to facilitate the merger of some long-established public agencies (and their corresponding external support networks)?

Private Sector Involvement

How can the state develop and sustain private sector commitment to the new system? Will special incentives be needed? What measures will promote continued private sector involvement in all aspects of the system, from designing program services to redesigning their own workplaces as high-performance workplaces?

Scope of Integration

How broadly should the system be designed? Will it include all education programs, from preschool to higher education? Will it include all public and private

employment and training programs? Will it include employer-provided training programs? Will it include social services? Will it include economic development programs and consulting assistance to firms in developing high-performance work environments? Will it include income support for individuals engaged in training or employment activities?

Regulatory Environment

How will the state ensure that state regulations promote rather than discourage integration? How much should be legislated versus regulated at the federal level? How much local flexibility and control are appropriate? What elements and issues are so critical that the state will want to ensure they are incorporated by local systems? Will the state certify service organizations or their staff as meeting credentials that are essential to the quality of services required to meet the needs of consumers?

Financing Issues

How will the state finance the system so that service providers and program planners can be assured of a reasonably predictable level of funding from year to year? Will the state require employers to contribute to financing the system? Will the state provide all services to all customers at no fee, or will it develop a set of fee-supported services in addition to a core set of services?

Flexibility

How will the state ensure that the system can adapt to changing state and local labor market conditions? How will the system support continuous revision of career counseling tools, education and training curricula, materials, and equipment to keep pace with industry changes in work processes and technologies?

Portability

How will the state ensure that customers (both individuals and employers) can move within and among labor markets and access a similar level and type of service? How will the state ensure that credentials conferred upon individuals in one labor market or by one training program are transferable to another?

Accountability

How will the state know if the system is working? How will success be measured and evaluated? How will the state assess and evaluate the success of individual participants in the system? How will the state assess the success of labor market exchange functions and the quality of services to employers? How will the state ensure that providers are accountable to consumers and to each other? How will information about evaluation results be used to improve system design and service delivery?

Capacity-Building

How will the state ensure that system funds are directed toward developing long-term capacity rather than funding one-time program slots? How will the state ensure that service providers are investing resources in upgrading the skills of their own employees? How will the state ensure that successful program strategies, curricula, and services are shared throughout the system so that resources are used effectively and service providers can draw upon a broad range of service strategies to serve their clients?

Conclusion

The tasks involved in restructuring, refocusing, integrating, and upgrading a state's workforce development system cover an extremely broad scope and ambitious agenda and will require an intensive and long-term team effort on the part of the state's legislative, education, labor, business, community, and government leaders and their staffs. Even with leadership and support at the national level, this initiative will require a determined effort on the part of all constituencies and organizations to move away from their traditional expectations to create an entirely new way of doing business. It is critical that the members of the state's design team take the time to identify and build consensus and educate representatives of all relevant constituencies on the key points that will affect the design and implementation of a workforce development system.

It has become apparent in the last several years that the stakes are high and time is running short. All constituencies must work together to design new ways of doing business, to put into place a national lifelong learning system, to ensure that all citizens are provided with the skills to achieve success in the high-performance workplaces of the global market.

Recommended Reading

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Workforce Development: Building Statewide Systems

An Issue Paper of the Investing in People Project

Today's complex global economy requires a highly skilled, productive, and educated workforce. Such a workforce, in turn, depends on states' coordinating their myriad employment, training, and education programs into a cost-efficient system; giving businesses incentives to improve their workforce; and offering workers the chance for lifelong learning.

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